

FISCAL NOTE

Bill #: SB0121

Title: Revise appraisal method for subdivided agricultural land

Primary

Sponsor: Gerry Devlin

Status: As Introduced

Sponsor signature	Date	Dave Lewis, Budget Director	Date
-------------------	------	-----------------------------	------

Fiscal Summary

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Expenditures:		
General Fund	\$2,083	
Revenue:		
General Fund		\$57,000
State Special Revenue		\$3,600
Net Impact on General Fund Balance:	(\$2,083)	\$57,000

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

1. It is assumed the proposal will result in land currently classified as grazing land being reclassified as non-qualified agricultural land (see technical note 1).
2. Due to the proposal, property taxes paid on grazing land being reclassified as non-qualified agricultural land will increase seven times, from an estimated \$35,497 to \$248,476.
3. For the purposes of this fiscal note, it is assumed that a vote for increased taxes (per CI-75), if required, is successful (see technical note 1).
4. It is estimated that the proposal increases property tax revenues \$57,000 for the General Fund, \$3,600 for University, and \$152,370 for local governments.

(continued)

5. The proposal is effective January 1, 2000. The increase in property tax revenues will begin in FY01.
6. It is estimated that there are 4,200 taxpayers that are affected by the proposal. These taxpayers must receive new assessment notices due to a reclassification of their land.
7. Each assessment notice cost \$0.0496. The notices will be mailed in FY00.

FISCAL IMPACT:

	<u>FY2000</u> <u>Difference</u>	<u>FY2001</u> <u>Difference</u>
Operating Expenses	\$2,083	

Funding:

General Fund (01)	\$2,083
-------------------	---------

Revenues:

General Fund (01)	\$57,000
State Special Revenue (02)	\$3,600

Net Impact to Fund Balance (Revenue minus Expenditure):

General Fund (01)	\$57,000
State Special Revenue (02)	\$3,600

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Local schools and government will see an increase in revenue of approximately \$152,370.

TECHNICAL NOTES:

1. The language of this bill suggests that land within a subdivision cannot be classified as any type of agricultural land. It is unclear whether grazing land currently in a subdivision would be reclassified as non-qualified agricultural land or as class four residential tract land.
2. CI-75 defines a tax increase as an increase in the rate of tax. Under the proposal, land currently subject to a 3.816% taxable rate would be subject to a 26.712% taxable rate.